GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:454
ANSWERED ON:23.02.2001
VALUE OF RUPEE
NAWAL KISHORE RAI;PAWAN KUMAR BANSAL;RAMJI LAL SUMAN

Will the Minister of FINANCE be pleased to state:

(a): Whether the value of rupee has fallen against the major foreign currencies;

(b): if so, the extent to which the value of rupee has fallen from January, 2000 to December 2000, month-wise;

(c): whether it is also a fact that the country`s forex reserve has increased during this period;

(d): if so, the extent thereof and the sources from which the contributions have added to the forex reserve; and

(e): the steps taken by the Government to check the fall in the value of Indian Rupee?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): The rupee appreciated by 5.1 percent against the Euro, by 2.8 percent against the Pound Sterling and by 1.6 percent against the Japanese Yen from January 2000 to December 2000, while it depreciated by 7.0 percent against the US dollar during the same period. The extent of appreciation / depreciation(-) of rupee against each of these currencies in each of the months from January 2000 to December 2000 is given below:

Month	Rs./ US Dollar of rupee (%)	App/ Dep(-) (%)	Rs./ Yen+ of rupee (%)	App/ Dep(-) (%)	Rs./ Euro of rupee St.	App/ Dep(-)	Rs./ Pound of rupee	App/ Dep(-)
Dec 99	43.49		42.39		44.01		70.18	
Jan.00	43.55	-0.14	41.50	2.14	44.29	-0.63	71.43	-1.75
Feb.00	43.61	-0.14	39.90	4.01	42.92	3.19	69.92	2.16
Mar.00	43.59	0.05	40.86	-2.35	42.08	2.00	68.93	1.44
Apr.00	43.64	-0.11	41.42	-1.35	41.30	1.89	69.05	-0.17
May00	43.98	-0.77	40.69	1.79	39.87	3.59	66.40	3.99
Jun.00	44.69	-1.59	42.09	-3.33	42.41	-5.99	67.46	-1.57
Jul.00	44.78	-0.20	41.53	1.35	42.14	0.64	67.59	-0.19
Aug.00	45.68	-1.97	42.30	-1.82	41.38	1.84	68.02	-0.63
Sep.00	45.89	-0.46	42.97	-1.56	39.93	3.63	65.76	3.44
Oct.00	46.34	-0.97	42.76	0.49	39.71	0.55	67.34	-2.35
Nov.00	46.78	-0.94	42.97	-0.49	40.03	-0.80	66.73	0.91
Dec.00	46.75	0.06	41.73	2.97	41.87	-4.39	68.28	-2.27

+ Rupees per 100 Yens.

(c) & (d): Yes, Sir. The country`s forex reserves increased from US $34.9 billion at end-December, 1999 to US $40.1 billion at end-December, 2000, an increase of US $5.2 billion during January 2000 to December 2000. The forex reserves have further increased in the subsequent period to US $41.7 billion as on February 9, 2001. Movements in foreign exchange reserves reflect the net outcome of inflows and outflows of foreign exchange on account of transactions in the current and capital accounts of India`s balance of payments. Therefore, it is not possible to establish a one-to-one correspondence between changes in reserves and movement in each of these transactions. However, the rise in foreign exchange reserves during 2000-01 so far has been supported by the sharp increase in exports and continued buoyancy in invisible receipts. Capital flows were augmented by the inflow of about US$5.5 billion from India Millennium Deposits (IMD) floated by the State Bank of India during October-November 2000.

(e): The day-to day movements in exchange rates are largely determined by demand and supply conditions in the foreign exchange market in India. The developments in the financial markets in India and abroad are monitored closely both by the Government and the Reserve Bank of India and appropriate measures are taken, when necessary, to reduce excessive volatility in the exchange rate, prevent the emergence of destabilizing speculative activities, develop an orderly foreign exchange market conditions and to help

maintain adequate level of foreign exchange reserves.